

UNIVERSITY OF LOUISIANA AT MONROE FOUNDATION
UNIVERSITY OF LOUISIANA AT MONROE

Agreed-Upon Procedures
For the Year Ended June 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/30/02



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

University of Louisiana at
Monroe Foundation
Anna Gray Noe Alumni Center
Monroe, Louisiana

University of Louisiana at Monroe
Northeast Station
Monroe, Louisiana

We have performed the procedures enumerated in the attached Exhibit I, which were agreed to by University of Louisiana at Monroe Foundation (the Foundation) and University of Louisiana at Monroe (the University) collectively, the specified users, solely to assist the Foundation in complying with a request from the University regarding the Foundation's assertions relative to the Eminent Scholars Endowed Chairs and Endowed Professorship Programs as of and for the year ended June 30, 2001. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is the sole responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached Exhibit I either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as shown in the attached Exhibit I.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying assertions listed in Exhibit I. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of University of Louisiana at Monroe Foundation and University of Louisiana at Monroe and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

(A Professional Accounting Corporation)

September 17, 2001

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**University of Louisiana at Monroe Foundation
University of Louisiana at Monroe
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Exhibit I

Assertion No. 1

The State portion of the endowments complied with provisions set forth in the Board of Regents Statement of Investment Policy and Objectives with regards to provisions concerning (B-2) equity/bond ratio to spending guidelines, (D-2) investment management fees, (G-2) monitoring objectives and results, and (H) reporting requirements.

Agreed-Upon Procedures:

1. Determine that annual spending does not exceed the Spending Guidelines for the applicable Equity/Bond Ratio.

Results of Procedures:

Annual spending did not exceed the Spending Guidelines for the applicable Equity/Bond Ratio.

2. Determine that fees paid to external investment managers and/or internal management/development functions does not exceed 125 basis points.

Results of Procedures:

Fees paid to external investment managers and internal management functions did not exceed 125 basis points.

3. Have all applicable annual reports to the Board of Regents been given to us for controlling and mailing.

Results of Procedures:

All applicable annual reports to The Board of Regents have been given to us to control and will be mailed by us with our agreed upon procedures report.

4. Determine the following:
 - a. Rolling average market value of Program Assets, and
 - b. Inflation-adjusted market value baseline of Program Assets.If a. is less than b., ascertain that Program Assets were properly restored to the market value baseline.

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Results of Procedures:

The rolling average market value of Program Assets exceeded the inflation-adjusted market value baseline of Program Assets. Therefore, no restoration of Program Assets was necessary.

Assertion No. 2

The Private portion of the endowments complied with the Foundation's investment regulations as required by Attorney General Opinion No. 93-455.

Agreed-Upon Procedures:

1. Read Attorney General Opinion 93-455. Read the Affiliation Agreement which authorizes the Foundation as the University's depository agent.

Results of Procedures:

We have read both Attorney General Opinion 93-455 and the Affiliation Agreement including a letter from the President of the University in which it was requested that the Board of Trustees recognize the Foundation as a depository for the Eminent Scholars Trust Fund. We note that the Board of Trustees approved that request as of September 24, 1993.

2. Read the Foundation's Investment Policy. Determine, through discussions with Foundation management and staff, that the policy has been applied for the year ending June 30, 2001. Select two quarters from the fiscal year, and review the quarter end trust reports. Determine the asset allocation Equity/Bond Ratio used by the Foundation complies with the Foundation's Investment Policy.

Results of Procedures:

We have read the Foundation's Investment Policy and, through discussions with Foundation management and staff, determined that the policy has been applied. Additionally, we selected the quarters ended June 30, 2000 and March 31, 2001 and reviewed the quarter end trust reports. It was determined that the asset allocation Equity/Bond Ratio complies with the Foundation's Investment Policy.

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Assertion No. 3

The annual financial reports for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program submitted to the Board of Regents were accurate and agreed to the accounting records of the Foundation.

Agreed-Upon Procedures:

1. Trace the year end trust statements to the financial statements prepared by the *Foundations management*, ensuring that they represent the June 30, 2001 and 2000 investment balances for the Board of Regents Support Funds.

Results of Procedures:

The year end trust statements agree with the financial statements prepared by the Foundation excluding those Chairs and Professorships for which the Foundation had not yet received the matching portion due from the State.

2. Trace all fair market value ending balances from the financial statements prepared by the Foundation to the completed reports. Operating and Principal together should equal the total amount.

Results of Procedures:

All fair market value ending balances from the financial statement prepared by the Foundation were traced to the completed reports. No exceptions were noted.

3. Review the year end reports filed with the Board of Regents for any instances of non-compliance with the investment policy. Exception to the overall spending limits (5% of Market Value of Program Assets at the end of the year) should have prior approval of the Board of Regents.

Results of Procedures:

We reviewed the year end reports filed with the Board of Regents noting that there were no instances of non-compliance with the Investment Policy that did not have approval from the Board of Regents.

4. From a selection of one Chair and four Professorships:
 - a. Refoot the entire report. Reperform all calculations and percentages.

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Results of Procedures:

The entire reports were refooted. All calculations were reperformed and all percentages were recomputed. No exceptions were noted.

- b. Trace "actual expenditures" from the report to the general ledger (FRS). *"Actual expenditures" will include all Principal and Operating expenditures except for bank and investment costs.* Trace bank and investment costs from the report to the FRS. Trace the total of "actual expenditures" and bank and investment costs from the report to the financial statements' supporting schedules.

Results of Procedures:

The Subtotal of Trust Fund Expenditures less Investment Cost (which represents "actual expenditures") were traced to the general ledger (FRS). No exceptions were noted.

That portion of the Bank and investment Costs incurred (except for the Mutual Fund Fees) were traced to the general ledger (FRS). No exceptions were noted.

- c. Recalculate gross investment earnings during the trust year (realized gains plus interest) and trace from FRS to the report.

Results of Procedures:

Total Gross Earnings were recalculated and traced from the general ledger (FRS) to the reports. No exceptions were noted.

- d. Recalculate the detail breakdown of the Market Value adjustments of Program Assets during the trust year and trace from FRS to the report.

Results of Procedures:

Detail breakdown of the market value adjustments of program assets were recalculated for each quarter of the trust year, totaled, and traced to year-end summaries. The amounts per the year end summaries were traced to the general ledger (FRS). No exceptions were noted.

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Assertion No. 4

The endowment earnings were properly allocated.

Agreed-Upon Procedures:

1. For one of the entries during each year, trace back figures from the entry to the supporting documentation to determine the entry was appropriately computed and reasonably distributed.

Results of Procedures:

Figures from the entries for the month of December 2000 were traced to supporting documentation and it was determined that they appear to be appropriately computed and reasonably distributed. No exceptions were noted.

2. For a chair and four professorships, trace one earnings posting from FRS to the supporting entry, and trace one posting from the entry to FRS.

Results of Procedures:

Earnings postings for the month of December 2000 was traced from the general ledger (FRS) to the entries and the earnings entry for the month of March 2001 was traced to the general ledger (FRS). No exceptions were noted.

Assertion No. 5

The proceeds of the endowments were used as salaries or as a supplement for salaries or for other appropriate expenses related to scholarly work for eligible faculty members.

Agreed-Upon Procedures:

1. For the same chair and four professorships selected in Assertion No. 4, review all expenditure activity in FRS for reasonableness. Trace one FRS posting per chair/professorship back to supporting documentation (salaries – payroll report, other expenses – check request and invoice or journal entry), and determine the expenses are appropriately classified and are appropriate for the chair/professorship.

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Results of Procedures:

All expenditure activity in the general ledger (FRS) for the selected chairs and professorships were reviewed for reasonableness. No exceptions were noted.

Additionally, one general ledger (FRS) posting for each of the selected chairs and professorships were traced back to supporting documentation to determine that expenses are appropriately classified and appropriate for the chair/professorship. No exceptions were noted.

Assertion No. 6

The Foundation complied with provisions of the Cooperative and Affiliation Agreements with the University as they relate to the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program.

Agreed-Upon Procedures:

1. Read the Cooperative and Affiliation Agreement, and through inquiry and discussion with Foundation and University staff determine that the provisions of the agreement have been complied with.

Results of Procedures:

We read the Cooperative and Affiliation Agreements. Through inquiry, observation, and discussion with management and staff of the Foundation and the University, it appears that the provisions of the applicable agreements have been complied with.

Assertion No. 7

Investment earnings generated from the general pooled assets of the Foundation involving endowed chair or professorship money have been properly allocated to the chairs and professorships.

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Agreed-Upon Procedures:

1. For any chairs or professorships that were in the general pool of the Foundation for any part of the year, review the yearly activity to determine if the accounts should have and did share in General Pool Trust earnings allocations. Trace one earnings entry per chair/professorship back to the supporting distribution calculations.

Results of Procedures:

We inquired of the Foundation's management if there were any endowed Chairs or Professorships in the general pooled assets of the Foundation as of June 30, 2001. Based on our discussions with management and our observations, there were no endowed Chairs or Professorships included in the general pooled assets of the Foundation.